

Approved as Written: October 16, 2002

**CITY OF MORGAN HILL
SPECIAL CITY COUNCIL MEETING
MINUTES SEPTEMBER 25, 2002**

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 6:15 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Sellers, Tate and Mayor Kennedy
Late: Council Members Carr (arrived 6:35 p.m.) and Chang (arrived at 6:38 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code Section 54954.2.

PUBLIC COMMENT

Mayor Kennedy opened the floor to public comment for items not appearing on the agenda. No comments were offered.

CLOSED SESSION:

City Attorney Leichter announced the below listed closed session items.

1.

EXISTING LITIGATION:

Case Title: Kennedy et al. v. Davis et al.

Case Name/No.: Santa Clara County Superior Court Case No. CV 803679

2.

EXISTING LITIGATION - CONFERENCE WITH LEGAL COUNSEL

Authority: Government Code section 54956(a)

Case Name: South Valley Streams for Tomorrow v. City of Morgan Hill

Case Number: Santa Clara County Superior Court, CV 811014

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the closed sessions to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 6:17 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 7:07 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Leichter announced that the closed session items would be deferred to the end of the regular Redevelopment Agency/special City Council meeting agenda.

OTHER BUSINESS

1. CITY MANAGER'S EMPLOYMENT AGREEMENT

Mayor Kennedy distributed copies of the City Manager's contract. He reported that a subcommittee composed of Mayor Pro Tempore Carr and he met with City Manager Tewes. The subcommittee also met with outside legal counsel and held a number of meetings and discussions. As a result of these meetings and discussions, the Council subcommittee has returned with a proposed City Manager contract that includes the following:

- ▶ 5% increase effective July 1, 2002, resulting in an annual salary of approximately \$149,000.
- ▶ As the City has an existing mortgage assistance program for the City Manager, it is being proposed to change the interest rate to 4% on the pre existing housing loan. As part of the agreement, it would be the goal to set up an employee assistance housing program to which this loan would be a part of once the program is put into place.
- ▶ The term of the existing agreement would be extended through June 2005 and would include formal changes to the severance provisions of the agreement, allowing for a one-year severance pay.
- ▶ Allowances for automobile and health coverage by \$100 per month.
- ▶ An increase in the amount contributed to deferred compensation, phased over two years.
- ▶ Amending Section 7.2 of the contract as follows: "As an incentive to encourage continued exceptional performance, **the Council intends to provide a bonus in recognition of exceptional performance.** ~~upon execution of this Agreement, CITY agrees to pay to TEWES, in addition to the amounts described herein, a bonus of Ten Thousand Dollars (\$10,000) as a one time lump sum payment, subject to normal withholding and other taxes."~~
- ▶ In recognition of the City Manager's achievements of the goals established last year, a \$10,000 bonus is granted.

Mayor Kennedy stated that the Council is pleased with the City Manager's performance. The Council is also pleased that the City has a strong and outstanding City Manager and that the contract reflects his performance. He thanked City Manager Tewes and congratulated him on his performance. With these comments and modification, he and Mayor Pro Tempore Carr presented the contract for Council consideration.

Mayor Pro Tempore Carr stated that it has been a pleasure to work on the City Manager's contract as it has provided him with the opportunity to spend time with the City Manager in order to discuss his goals and accomplishments. He said that the goals identified by the City Council were accomplished by staff, led by City Manager Tewes. The contract reflects the tremendous accomplishments that everyone should be proud of. He felt that the contract is one that the Council wants to send a message to the entire community that the Council has a strong City Manager, one who is doing the right things and is moving Morgan Hill to a place where it should go. He stated that the Council wants to extend a contract that would continue this relationship into the future. He thanked City Manager Tewes for what he has done for the Council/City.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council, on a 4-0-1 vote with Council Member Chang abstaining, **approved** the City Manager's contract, as amended.*

City Manager Tewes expressed his appreciation and thanked the Council for its vote of confidence. He stated that he enjoys working with the Council and serving the Morgan Hill community. He said that the Council has given him another year's worth of ambitious goals. He stated that the challenge of the goals are ones affected by economic times and that all of the resources may not be available to address the requests being made. He stated his appreciation of the political leadership provide by the Council and that he would be willing to continue to address the issues of administrative leadership. He thanked the Council for the support it is has given staff to meet the Council's ambitious goals with respect to additional resources. He stated that he and staff look forward toward working with the Council to improve the quality of life in Morgan Hill.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 8:51 p.m. in order for the Council to conclude its discussions of the above listed closed session items.

RECONVENE

Mayor Kennedy reconvened the meeting at 9:36 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Leichter announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 9:37 p.m.

MINUTES PREPARED BY:

IRMA TORREZ, City Clerk